

Q2 2023



# Your quarterly roundup



[denholmgoodlogistics.com](https://denholmgoodlogistics.com)

+44 (0) 800 024 6952



# Supply Chain Management

**Paul Ferguson**

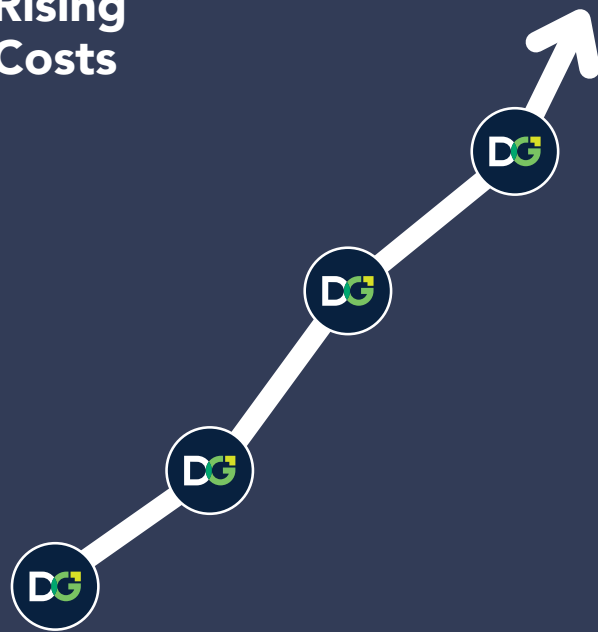
Sales and Marketing  
Director



As we begin the 2nd half of 2023 the landscape for international trade remains as in most industries one of caution due to global inflationary pressures dampening consumer demand in many parts of the world, as the ripple effects from COVID-19 continue to make their way through economies.

Global inflation peaked in 2022 at just under 9% and is currently sitting at just under 7%. We have all felt the pressures in terms of rising costs and this of course has had a knock-on effect on consumer confidence.

## Rising Costs



Rising costs, has had a knock on effect with consumer confidence

With inflation forecast to drop below 4% in 2024 and in the UK, the Bank of England remains confident of inflation dropping back to 2% by mid to late 2024.



For the UK many had predicted a recession and whilst all households have felt the effects of rising costs through, food, energy, and fuel the economy has so far managed to avoid recession.

In fact, the British Chamber of Commerce (BCC) recently upgraded its forecast on UK GDP to reflect a 0.3% rise, so whilst still weak, with energy and commodity prices continuing to fall, there is light at the end of the proverbial tunnel, reflected by this revision.

So, will we see an increase in demand for the shipping and logistics industry in the 2nd half of the year as many had originally predicted? This still remains a little unclear with conflicting opinions, although Hapag Lloyds CEO Rolf Habben, suggested recently, they feel there is a better than 50% chance of a normal peak season. Rates on the main Asian Westbound trade lane have continued to come under increased pressure and blank sailings and port emissions continue to impact schedule reliability.



Overall year-on-year rates are approximately 40% down. This is now hitting carriers in the pocket with higher operational costs due to increased vessel costs, higher bunker charges, and a jump in equipment and repositioning costs.

The first quarter results of this year reflected this, with Zim back in the red with a loss of \$58 million while the likes of CMA CGM are showing a +60% drop in pretax profits against 2022.

In fact, many carriers are suggesting Q1 2023 could well be the best quarter of the year, with many longer-term contracts from BCOs finishing in March and renegotiated at much lower levels for Q2 more in line with the current market. Even if there is an increase in demand and volume through the traditional peak any increase in rate level is unlikely to make up the difference.

As a result, carriers continue to review tonnage deployed on trade lanes and look to shift to ensure they maximise the opportunities on the

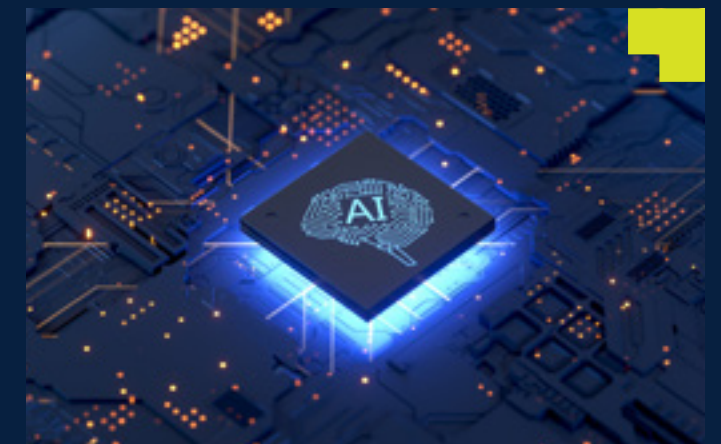
most profitable trade lanes, increasingly they are looking towards Latin America, Africa, and the Middle East. From a customer's perspective, as with the stock market, is now the best time to buy the dip?

With carriers already making losses, it is unlikely we are going to see much more of a drop but there are opportunities to look at longer-term deals now with commitment that bring certainty to shipping costs which dependant on business goals could be sensible.

This brings better alignment with carriers and nominated logistics partners and allows more time to focus on process improvement and system alignment to bring greater supply chain security for the long term with increased efficiency of operation.

Our team is ready to discuss options and solutions that can align with your business goals and that can drive value beyond just the cheapest price for a shipment. Please contact us to explore further.

Technology and in particular AI is all over the news at the moment and the shipping and transport industry is continually reviewing and working on new technologies and ways this can be harnessed to increase efficiency and safety.



Container port automation in the UK is one of these growing trends. As the demand for efficient and cost-effective container handling solutions increases, many ports are turning to automation to streamline their operations and improve productivity. A recent report in the [Loadstar](#).



One of the most significant advantages of automation is the ability to move containers quickly and efficiently. Automated cranes and handling systems can operate 24/7, with minimal downtime, and are capable of moving containers at faster speeds than traditional manual operations.



Another benefit of automation is the increased safety of operations. Automated systems reduce the number of people working in hazardous areas, reducing the risk of accidents and injuries. Additionally, automation systems are designed to detect potential safety hazards and take corrective action to prevent accidents from occurring.

However, the implementation of container port automation does come with some challenges. The initial investment for automation systems can be significant, and there may be additional costs associated with maintenance and repair. Additionally, there may be resistance from employees who fear job losses because of automation.

Despite these challenges, many ports in the UK have already adopted container port automation, and the trend is expected to continue. As technology continues to advance, the benefits of automation are likely to become even more compelling, and the use of automation systems in container ports may become the norm.

Sustainability and carbon reporting continue to gather pace following the International Sustainability Standards Board statement around scope 3 emission reporting becoming mandatory.

The requirement for visibility and offset mechanism solutions within supply chains continues to dominate many discussion points. We have been working closely with our partner ClimatePartner, to provide a comprehensive carbon emission offsetting service for our customers, to request your free copy of our brochure outlining of service click [here](#).

We are also hosting a webinar on the 6th February at 11 - 12pm titled Navigating your company's path to net zero:

How carbon offsetting benefits businesses and the planet, register [here](#).



The market is still in a period of change, the focus now is very much on developing robust supply chains, utilising technology to strip out inefficiency, and developing clear goals around sustainability and reporting of CO2 and offset measures so businesses are fully ready for when the market picks up once more.

If you wish to discuss any of the points mentioned above or to talk through your current supply chain management process, please contact me or a member of our team [here](#).

## What our customers say...

"We have worked with various other logistics providers prior to us working with Denholm Good Logistics, however, there was not the dedication to managing our account as there is now with Denholm Good Logistics.

With Denholm Good Logistics we have continuity of communication from supplier to the final destination".

**Gavin Weborn**  
Customer Services Manager,  
The Compleat Food Group

## Customs & Legislation Update

HMRC has released a further update to the planned migration phases to CDS for exports. The September 2023 date they have previously set is still in place, but they're now going to be contacting people in July 2023 to make sure they're ready for the switch.

At a minimum, all exporters will need to have a GB EORI and be subscribed to the CDS service via a Government Gateway account. If your business already completed the subscription when swapping to CDS for imports, then you'll already be set for when the swap for exports happens. If you still need to subscribe to the CDS service, you can follow our step-by-step guide available on our website [here](#).

Although the ability to submit to CDS for GVMS exports has been available since February, HMRC is now advising declarants not to make the switch until they've been contacted by HMRC or by their software provider.

On the import side, a recent change was released for any consignment that has a total value exceeding £20,000.00. Anyone who submits an import declaration on your behalf with a value exceeding £20,000.00 now must hold written confirmation from the importer when Customs Valuation Method 1 is used.



Valuation Method 1 is known as the 'Transaction Value' or the 'price paid or payable' by the buyer to the seller for the goods. You cannot use Method 1 if there has been no sale. If there is no sale, you must see if Method 2 applies before moving to Method 3, 4, 5, and 6.

If you have not yet returned your VM1 form, please speak to your contact at Denholm Good Logistics.

### Importing from the EU

Do you import plant products or products of animal origin?

Do you know that the regulations are changing on 31st October 2023 for some of these imports?

You may need to contact your supplier to plan for the upcoming changes.

The government has now announced the categories of different goods subject to sanitary and phytosanitary controls. Each will be listed as either 'Low Risk', 'Medium Risk', or 'High Risk' depending on what type of controls apply.

Goods in the 'Low Risk' category must have a prenotification completed on IPAFFS before the goods arrive in Great Britain.

## Are you ready for CDS?

Click Here

# Customs & Legislation Update

Unlike the other categories, an export health certificate will not be required. However, the consignment must have a commercial document such as a commercial invoice provided by the supplier.

‘Medium Risk’ category goods also require a prenotification completed on IPAFFS, but from 31st October 2023, they must also be accompanied by an export health certificate issued from the country where the goods originate.

From 31st January 2024, these goods will also be subject to physical import checks.

## Customs Declaration Service

Are you ready?

Click Here

The remaining products in the ‘High Risk’ category are ones that have already been subject to SPS controls. You will continue to need prenotification on IPAFFS and the appropriate export health certificate on import.

The physical import checks will continue to apply in the same way as they do now after 31 October 2023.

For some products, you may also require a license to import them from 31st October 2023. If you are unsure, you can check with the Animal and Plant Health Agency (APHA) by emailing [imports@apha.gov.uk](mailto:imports@apha.gov.uk)

You can check what category animal and animal products fall under [here](#).

For plant products, these are on DEFRA’s Plant Health Portal [here](#).

If you require any further guidance or help, please contact our customs team [here](#).

## Watch Now! Customs Webinar

Beyond Borders:  
How to manage customs complexities and streamline your business

Click Here

# Freight Forwarding Update

So, According to the Sustainable Freight Buyers Alliance, freight transport accounts for 8% of global CO2 emissions, with a predicted increase to 42% by 2050.

As part of the Paris Agreement, the aim is to maintain and keep greenhouse gases at 1.5 degrees and reduce greenhouse gas emissions by 43% by 2030 and reach net zero emissions by 2050.



These targets will only be hit if the logistics industry as a whole support the transition to a more sustainable future. Here at Denholm Good Logistics, we play our part by implementing sustainable practices across our business to help us reduce our own carbon footprint.

We also want to help our customers achieve their sustainability goals, by ensuring we offer green-friendly freight options but also provide a service to allow them to offset their carbon emissions, whilst providing support for global climate action projects in developing countries.

## ONLINE WEBINAR

Join our webinar **Navigating your company's path to net zero: How carbon offsetting benefits businesses and the planet.**

REGISTER TODAY

You can request a copy of our Carbon Emissions Offsetting Service leaflet [here](#), or join our webinar.

**Navigating your company's path to net zero: How Carbon Offsetting Benefits Businesses and The Planet**, on the 6th February at 11 am, register your interest [here](#).

For any freight forwarding inquiries please contact our team [here](#).

## What our customers say...

“The solutions offered by the Denholm Good Logistics EU team, as part of their FREE supply chain process review, have not only reduced our costs but also allowed us to manage our costs more effectively” **Vestey Foods**

Vestey Foods is just one of the companies that our company have identified cost-saving solutions for as part of their FREE supply chain process review, [click here](#) to book your FREE review now.



# Freight Forwarding Update

## Carrier Update

Though we have seen the Global schedule reliability improve month by month, the increase % has been lower each month.

In April 2023, the schedule reliability improved by 1.7 percent, taking it to 64.2%, which is up 29.9% year on year. The average delay for LATE vessels has decreased with the April 2023 figure dropping by 0.72 days, taking the overall figure to 4.34 days. Year on year this is a minus 2.22 days decrease and is lower than the 2020 figure.

## Carrier Scores

April 2023 reports show that Maersk was the most reliable top -14 carrier with a schedule reliability scoring of 70.3%, MSC closely followed with 68%, and Evergreen with 67.1%. The next 6 carriers all scored over 60 %, this included Pil, Wan Hai, Hamburg Sud, CMA CGM, COSCO, and OOCL.



The remaining carriers all had a schedule reliability score between 50%-60% and were all within 5% of each other, these included Hapag-Lloyd, HMM, ONE, ZIM, and Yang Ming.

With a schedule reliability score of 52%, Yang Ming was reported as the least reliable carrier in April 2023. Evergreen recorded the highest month-on-month improvement score of 4.6%, all top-14 carriers recorded double-digit year-on-year improvements, with Wan Hai achieving the highest improvement of 43.5%.



# International Update

## Turkey

Issues in the southern ports continue, the Iskenderun Port is still not in use and Mersin is still heavily congested.

We have been routing shipments from South Turkey via Gebze Port (North), this has a big impact on the pre-carriage cost for the Ex works bookings but due to freight rates being lower, the overall difference is not huge for the importers.



Turkey has ongoing financial and economic issues, since the Presidential election took place on 28th May, Turkey is also heading for a currency crisis as well. Turkey experienced a similar crisis in 2018 which caused an export fluctuation.

Although Turkey is a producing country, many raw materials are imported. Therefore, a decrease in exports in the coming months seems inevitable.

At the beginning of May, equipment and space issues began, but with a new vessel added to the service, delays were resolved before resulting in any backlog.

This year the Ramadan holiday in April fell over a weekend and did not affect the services, the Eid Al-Adha holiday also fell over a week at the end of June therefore we had a week of no sailings.

If you have any questions about importing and exporting to Turkey please contact our team [here](#).

## China

Reports show that in May exports from China have seen the first dramatic decline in four months with a reduction of 7.5% year on year hitting a 3-month low of USD 283.5 billion, impacting the 8.5% growth, which was reported in April.



Imports to China have shrunk at a slower pace, as factory output continues to slow amid continued weak global demand. These latest figures are worse than the 0.4% decline that the market predicted.

China's major trade partners have also reported declines in exports, the US has seen an 18.2% decline year on year, while exports to the EU reduced by 26.6%. In contrast, to this, Russia has seen an increase of 114%, predominantly in energy. Overall, for the first 5 months of 2023, exports are up by 0.3% compared to the same period in 2022.



# International Update

## U.S.A.

### ISF Filing (Importer Security Filing) Background information

U.S. Customs and Border Protection's (CBP) Security Filing regulation, commonly known as the 10+2 initiative, requires that importers and vessel operating carriers provide additional advance information on non-bulk cargo shipments arriving in the United States by vessel.

The regulation requires advance transmission of trade data 24 hours prior to vessel loading. All ISF filings must be made electronically via the Automated Manifest System (AMS) or the Automated Broker Interface.

Failure to comply with these regulations may result in the assessment of liquidated damages up to \$5,000 per violation, increased inspections, and delay in cargo arrival. CBP can assess these damages on late ISF filings, inaccurate ISF filings, and the first inaccurate ISF update.



### United States Top 10 Imports

1. Electrical machinery, equipment: US\$477.1 billion (14.1% of total imports)
2. Machinery including computers: \$475.9 billion (14.1%)
3. Vehicles: \$329.6 billion (9.8%)
4. Mineral fuels including oil: \$322.7 billion (9.6%)
5. Pharmaceuticals: \$165 billion (4.9%)
6. Optical, technical, medical apparatus: \$115 billion (3.4%)
7. Gems, precious metals: \$97 billion (2.9%)
8. Plastics, plastic articles: \$89.9 billion (2.7%)
9. Furniture, bedding, lighting, signs, prefabricated buildings: \$86.7 billion (2.6%)
10. Organic chemicals: \$75.9 billion (2.2%)



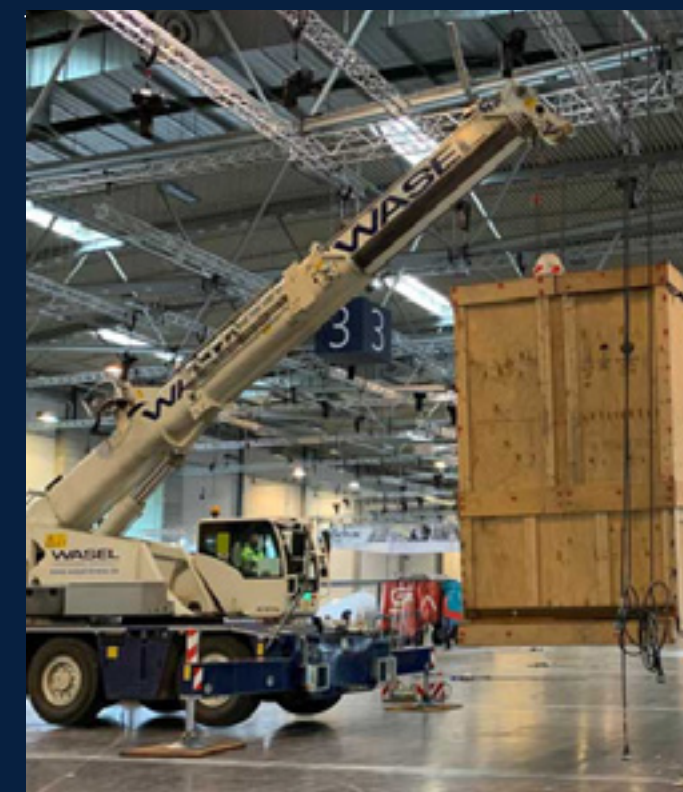
### Labor Disputes & Port Negotiations:

Tentative Agreements between the ILWU and the PMA have been reached. The tentative agreement will last for six years. This includes Ports of Los Angeles, Long Beach, Seattle-Tacoma, and Oakland.

If you have any questions regarding importing & exporting to the US please contact our US team [here](#).

# Projects Update

Logistics project team has successfully managed the delivery of numerous over-sized cargos. Including overseeing the delivery of Stolle's Concord 24MRT (24 Mandrel Rotary Trip) to METPACK 2023, in Messe Essen, Germany.



This project required meticulous planning by our US team and their UK colleagues to ensure Stolle's decorator was successfully delivered by the pre-arranged early delivery date and manoeuvred into the correct position on the exhibition floor before the conference opened. Read the full details about this project [here](#).



Our colleagues in Turkey supported by our UK team also successfully delivered a massive rig drilling machine weighing 23770kg and measuring 2.90 x 3.2m x 8.9m from Turkey to Co.Galway in Ireland.



If you have a project, which involves moving multiple shipments or oversized cargo please contact our projects team [here](#).

## What our customers say...

"Sometimes there is more to business than just having the correct reports, paperwork, or online solutions. In the end, it is the people and the commitment behind the people that make the processes more efficient and effective. It is the people who make it happen, here at Essity we see people as the greatest value creators."

Denholm Good Logistics provided no-nonsense, factual, pragmatic intelligence, and forward-thinking IT solutions. They were keen to build and develop a business relationship, enabling them to have a very strong understanding of our business. They have become our trusted partner, adding real value to our business".

Essity UK



# What have we been up to?

Since our last quarterly review in April, we have been very busy here at Denholm Good Logistics, you can follow all of our activities on our [LinkedIn page](#).

## Webinar Update

On the 16th of May, we launched our first webinar Beyond Borders: How to manage custom complexities and streamline your business.



The webinar was a great success, with a fantastic turnout, all attendees interacted with our polls throughout the webinar and posed great questions to our panel of experts in our Q&A session. The webinar is now available to view [here](#) and you can also review all the Q&A's from the session.

Our next scheduled webinar, Navigating your company's path to net zero: How Carbon Offsetting Benefits Businesses and The Planet, will be held on the 6th February at 11 am, register your interest [here](#), we will be sending out more information nearer the time.

You can request a copy of our Carbon Emissions Offsetting Service leaflet [here](#).



## Awards

We were recently shortlisted for 3 awards at the MultiModal awards and Jane Nash, our Quality & Procedures Manager has been shortlisted as one of the four finalists at the prestigious

Woman in Transport & Logistics Awards 2023, for the Freight award, leader category.

## CILT Corporate Members Day

Denholm Good Logistics Tom Reid, Sales Manager, and Terry Hibbert, Procurement Manager recently attended our first Chartered Institute of Logistics & Transport's Corporate Member Day, this was a fantastic opportunity for networking, shared learning, and potential collaboration amongst the CILT corporate community.



## METPACK 2023, Essen, Germany

Paul Ferguson, UK Sales & Marketing Director and Renata Juvillar, Project Operator, and Harry Hunter, Global Projects Support from our USA office recently attended METPACK 2023, in Germany.

Renata Juvillar lead the Denholm Good Logistics project team, which successfully managed the delivery of Stolle's Concord 24MRT (24 Mandrel Rotary Trip) to the METPACK exhibition hall prior to the event opening. Read the full story [here](#).

## LATAMCAN 2023

Paul Ferguson, UK Sales & Marketing Director and Renata Juvillar, Project Operator attended this year's Latamcan (Latin American Canmaking Conference) on the 12th – 14th of July, at the Hilton Mexico City Reforma.

For further information and resources:

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